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The Automobile Industry and Organized Labor

By A. J. MUSTE

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THE AUTOMOBILE INDUSTRY AND ORGANIZED LABOR

By A. J. MUSTE

BOOK REVIEW

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NOTE

The Christian Social Justice Fund published an earlier edition of this booklet. We are deeply indebted to the Fund for permission to publish this edition. The original pamphlet can be obtained from the Fund at 513 Park Avenue, Baltimore, Md. The author, A. J. Muste, is well known as the former head of Brookwood Labor College. George Novak assisted in gathering data and in the writing.

THE AUTOMOBILE INDUSTRY AND ORGANIZED LABOR

THE FINANCIAL SIDE OF THE AUTOMOBILE INDUSTRY

ECONOMIC IMPORTANCE

It is difficult to exaggerate the importance of the automobile industry in American economy. On the consumers' side, a larger percentage of the yearly income of the nation is spent on automobiles than on any other commodity except the basic necessities of food, clothing and shelter. Between four and five billion dollars' worth of automotive vehicles are purchased annually. Registrations of motor vehicles in the United States are over twenty-five million out of a world total of thirty-seven million. It has been estimated that the motorist, as such, pays one dollar out of every eight collected in taxes by governmental agencies.

On the productive side, the auto industry is a key center of American industry. It forms a vitally important link with the consuming market, connecting such basic industries as steel, coal, and rubber—a link which cannot be broken without throwing the whole of American industry out of gear. More than five million persons, or about one-eighth of the gainfully employed, get their living directly or indirectly out of the automobile business. Directly or indirectly, the rate of auto production affects every branch of our economic life from the construction of roads and the sale of oil products to the size of the police force.

The influence of the auto companies is by no means confined to the United States. The limbs of these industrial giants stretch throughout the world. Raw materials for auto manufacture are imported from every corner of the globe, and the demands of the American industry are a decisive factor in the economy of many countries. The commercial and industrial activities of the auto companies are equally international in scope. The big auto companies have sales agents, manufacturing assembly plants, as well as financial and political connections in almost every important nation.

FINANCIAL SETUP

As a late-born child of capitalist industry, the auto industry is one of the most highly advanced in both its technical development and financial structure. The financial setup of the auto companies reflects in an unusually clear manner the main features of modern finance—capitalism.

With the exception of Ford, all the big companies are corporations whose stocks and bonds are listed on the stock exchange. Since corporations must issue regular reports to their stockholders, we are able to obtain information about the industrial and financial operations of these companies. The Ford company of America, however, remains a closed corporation of the Ford family. Its financial secrets are carefully guarded. Our sole sources of information are the annual statements the company is forced to file in order to transact business in Massachusetts. Although Ford has managed to keep his grip upon the parent company, despite the inducements of the big bankers, he, too, has had to launch public corporations in order to raise capital for foreign expansion. Consequently, the Ford companies of Canada and England are also listed on the exchanges and publish regular reports.

Theoretically the stockholders have first claim upon the earnings of the auto companies, since they are the nominal owners. But the companies are really controlled by the officers and directors, who are in turn connected with other large corporations and financial houses. This small group of insiders actually runs the companies and skim the cream from its earnings. The top officers vote themselves exorbitant salaries and bonuses, and by means of their inside information, speculate safely in the company's stock. Thus in June, 1935, John J. Raskob, vice-president of Du Pont and a director of General Motors, bought many thousands of shares in General Motors two months before it declared a dividend increase.

The officers and directors are not completely independent individuals. They are also the agents of the big financial interests who dominate the companies. Thus on the board of directors of General Motors sit the Du Ponts, who organized the company and still own the largest block of stock in it, the present J. P. Morgan and his partners, presidents of the Morgan banks, the First National and

Bankers' Trust, and Owen D. Young, head of the General Electric Company. The big financial interests exert a great influence over the companies by means of interlocking directorates, their financial assistance, and their detailed acquaintance with the financial needs of the companies.

In addition to the banks and connecting corporations are the investment houses, which amass fabulous profits by launching new companies or reorganizing old ones. The outstanding operation of this kind was the purchase and reorganization of Dodge Brothers in 1925, by Dillon, Read & Company. This investment house gathered immediate cash profits of $27,250,000 from this transaction and an additional eleven million or more in connection with the Dodge-Chrysler merger in 1928.

Thus the "insiders" receive substantial amounts before the stockholders are given their share. We shall show, in analyzing the statements of the big companies, that there has still been a good deal left for the stockholders.

THE BIG THREE

General Motors, Ford, and Chrysler are the Big Three of motordom. In 1934 they accounted for 93½ percent of all cars sold. General Motors' share was 43½ percent, Ford's 28 percent, and Chrysler's 22 percent. The remaining 6½ percent was divided among the small independents, Studebaker, Packard, Nash, Auburn, etc.

From these figures, it is plain that the Big Three dominate the industry. The independents are being steadily crowded out and get only the crumbs from the table. General Motors, Ford, and Chrysler—these *are* the auto industry: the others are comparatively insignificant. Therefore, we shall restrict our investigations to these three, giving only a brief glance at Studebaker, a typical independent.

GENERAL MOTORS

General Motors is the Leviathan of the auto industry. It has the biggest capitalization, the largest number of stockholders (about 340,000 in 1935), the most extensive plants and organizations. General Motors came to the fore when Ford suspended operations in 1927-28 to change from model "T" to model "A" and, although Ford has pressed it hard on many occasions since then, General Motors has

never relinquished its commanding position. Its tremendous financial resources and far-flung affiliations make it highly unlikely that General Motors will have to yield its present position as the biggest producer.

General Motors manufactures and distributes throughout the world a complete line of passenger cars ranging in size from 6 to 16 cylinders and in price from $525 to $7,550 (1936 factory prices), as well as commercial cars, trucks, cabs, and coaches. Its British and German subsidiaries manufacture a similar but smaller line. While automotive vehicles are General Motors' principal products, its activities extend into many related fields of manufacturing, distributing, and financing. Other products of General Motors include refrigerators and air-conditioning equipment marketed under the trade name of Frigidaire, a complete line of automobile parts and accessories, heating, lighting, and household appliances, Diesel and gasoline motors and Diesel electric locomotives, anti-knock compounds, electric motors for industrial and domestic use, and refrigerant chemicals.

General Motors manufactures Chevrolet, Pontiac, Oldsmobile, Buick, LaSalle, and Cadillac cars as well as Chevrolet and GMC trucks. The following directory, giving only the principal divisions, subsidiaries, and affiliated companies, indicates the size of this mammoth corporation:

A. C. Spark Plug Division, Flint, Michigan
A. C. Sphinx Sparking Plug Co., Ltd., Birmingham, England
Adam Opel, A. G., Russelheim, Germany
Buick Motor Division, Flint, Michigan
Cadillac Motor Car Division, Detroit, Michigan
Chevrolet Motor Division, Detroit, Michigan
Chevrolet Commercial Body Division, Indianapolis, Indiana
Delco Appliance Division, Rochester, New York
Delco Products Division, Dayton, Ohio
Delco, Remy Division, Anderson, Indiana
Delco, Remy Hyatt, Ltd., London, England
Electro-Motive Corporation, Cleveland, Ohio
Ethyl Gasoline Corporation, New York
Fisher Body Division, Detroit
Frigidaire Division, Dayton, Ohio
General Motors of Canada, Ltd., Oshawa, Ontario
Harrison Division, Lockport, New York
Hyatt Bearings Division, Newark, New Jersey
Inland Division, Dayton, Ohio
Kinetic Chemicals, Inc., Deepwater Point, New Jersey
The McKinnon Industries, Ltd., St. Catherine, Ontario
Moraine Products Division, Dayton, Ohio

New Departure Division, Bristol, Connecticut
Olds Motor Works Service Corporation, Lansing, Michigan
Overseas Motor Service Corporation, New York
Packard Electric Division, Warren, Ohio
Pontiac Motor Division, Pontiac, Michigan
Saginaw Malleable Iron Division, Saginaw, Michigan
Sunlight Electrical Division, Warren, Ohio
Ternstedt Mfg. Division, Detroit, Michigan
United Motors Service, Inc., Detroit, Michigan
Vauxhall Motors Ltd., Luton, England
Winton Engine Mfg. Corporation, Cleveland, Ohio
Yellow Truck & Coach Mfg. (General Motors Truck Corporation), Pontiac, Michigan

General Motors also has a substantial interest in the aviation industry, owning about 30 percent of the outstanding stock in North American Aviation, Inc., one of the most important American airlines.

Sales to dealers of General Motors cars, including Canadian sales and overseas shipments rose from a low of 562,970 in 1932 to 1,715,688 in 1935. The first ten months of 1936 indicated a rise of more than one-fifth over 1935. Passenger cars accounted for 1,441,024 and commercial vehicles for 274,664 in the 1935 total. Chevrolet cars head the list of passenger vehicles with 825,474 and of the commercial with 238,506. Buicks, Oldsmobiles, and Pontiacs numbered 109,724, 188,581, and 178,083 respectively; Cadillacs 8,901 and LaSalles 14,095. In 1934 Opel turned out 63,068 passenger vehicles and 8,597 commercial. Vauxhall (British) produced 18,817 passenger and 21,639 commercial cars.

General Motors is a huge international organization with the whole world for its market. It has profitable plants in both England and Germany. In 1934, for example, its Germany company, Adam Opel, A. G., sold 40 percent of all new cars and trucks in Germany that year. Vauxhall, its English subsidiary, is steadily securing a larger proportion of the English and export markets although it does not enjoy the commanding position of General Motors companies in Germany and the United States.

EARNINGS

General Motors net sales in 1909 amounted to $29,029,875, rose to a peak of $1,504,404,472 in 1929, dropped to $432,311,868 in 1932 and rose again to $1,155,641,511 in 1935. The net income avail-

able for dividends was a little over nine million in 1909, fell to a little over three million in 1911, mounted to more than twenty-eight million in 1916, and to a war peak of sixty million in 1919. The year 1921 showed a post-war deficit, but 1925 passed the one hundred million mark. An all-time peak of $276,468,109 was registered in 1928, followed by a drop to a mere $164,979 in 1932. But in 1935 G.M.C. again had $167,226,510 available for dividends, and the first nine months of 1936 indicated a rise of more than 50 percent.

The percent of "income available for dividends" which has been actually disbursed as cash dividends has varied from 4.58 percent in 1909 to, for example, 61 percent in 1928. During the depression years the company continued to pay out large sums (over 130 million in 1930 and 1931 and nearly 54 million in 1932) in dividends on its common stock, taking care of its stockholders out of its large reserves. In 1935 it paid out 63 percent of income as dividends. The new tax on undistributed profits led to common dividends of $195,750,000 in 1936, twice those of the year before.

Some of the grand totals are impressive and significant. During 1909-36 the total net sales of the corporation have amounted to over 16 billion dollars. There has been over two billion dollars available for dividends. In preferred dividends the sum of 155 millions was paid out; in cash dividends on common stock nearly 1,500 million. About 600 million was reinvested in the business.

The Du Ponts are the biggest single stockholders in General Motors. The Du Pont Company owns ten million shares of General Motors common stock, and not long ago distributed two hundred thousand additional shares to its stockholders, following an extra 50 cent dividend by General Motors. Thereby hangs a success story of the boys who made good—on an investment! When General Motors was in distress in 1921, John J. Raskob advised the Du Ponts that it would be profitable to come to its rescue. The Du Ponts borrowed fifty million dollars from the banking house of J. P. Morgan and, by an investment of eighty million dollars, bought a twenty-five percent interest in the auto company, putting Pierre Du Pont in as president and Raskob as his right-hand man. That eighty million has already earned *two hundred and fifty millions in dividends* for the Du Ponts! Of the net income of the Du Pont de Nemours Company, approximately 44 percent comes from General Motors dividends, 46

percent from the chemical products of the plants, and 10 percent from miscellaneous sources. ("The Men Who Rule America," by Arthur D. Howden Smith, *New York Post*, Nov. 13, 1935, p. 6.)

SALARIES

The executive officers have no reason to be envious of the stockholders' profits. In the first place, their annual salaries for 1934 totaled about four million dollars. This was divided among 245 individuals receiving annual salaries of $10,000 or more, as follows:

Salary Group	*No. of Individuals*
$100,000 and over (none over $120,000)	2
80,000 to 99,999	1
70,000 to 79,999	8
60,000 to 69,999	1
50,000 to 59,999	5
40,000 to 49,999	2
30,000 to 39,999	7
20,000 to 29,999	34
15,000 to 19,999	55
10,000 to 14,999	130
Total receiving salaries of $10,000 and over	245

The Securities and Exchange Commission published on December 3, 1935, the remuneration of officers and directors of the General Motors Corporation and other employees receiving in excess of $20,000 annually. This group, in part overlapping with and in part additional to the group referred to in the preceding paragraph, received approximately $5,000,000 in 1934. William S. Knudsen, director, executive vice-president, and member of the executive committee led the list with $211,128. President Alfred P. Sloan, Jr., drew $201,473. Donaldson Brown received $134,688; the Fisher brothers amounts ranging from $78,840 to $125,219; James D. Mooney, prominent in the foreign trade division, $118,306; and Charles F. Kettering, $140,495. A group which fulfilled no function except membership on the board of directors, and which included such nationally known financiers as George F. Baker, Pierre S. Du Pont, Junius S. Morgan, John J. Raskob, and George Whitney, received honorariums of $8,763 each for performance of that onerous duty.

In addition to their salaries, the executives get supplementary compensation in two forms, the Bonus Plan and the Management Plan. 1,534 executives received such compensation in 1934; approximately 200 shared in both. The Management Plan in which about 250 officers participate is, quite simply, a device for enabling these executives to buy General Motors stock at $40 a share without putting up any money for it. The stock is paid for out of accrued dividends over a period of years. As General Motors sold at 70 on the stock market on December 1, 1936, they may also realize a neat profit by selling the stock.

Under the Bonus Plan the corporation presents shares of stock to favored executives. In 1935 a total of 189,010 common shares were distributed among 2,312 individuals. If we assume the stock to be worth only $50 a share, these bonuses amounted to $9,450,500.

If these figures are compared with General Motors wages, one must note, as is noted below with respect to the whole industry, that the worker is subject to extreme seasonal variation, not to speak of the cyclical changes that led General Motors to employ 233,286 workers in 1929 and 116,152 in 1932, and nearly the 1929 number again at the end of 1936. Payroll in 1929 was $390,000,000; in 1932 $143,000,000. The average salary of the top executives has recently been about $15,000 a year; for all employees earning less than $10,000 a year, about $1,350—it would be substantially less if the $2,500-$10,000 group were eliminated, leaving only the pay of the seasonal worker on the assembly line and his like.

FORD

Ford is the second largest producer in the auto industry. The principal manufacturing units of the company in Dearborn produce parts for Ford cars and trucks. At its River Rouge plant, Ford operates a powers, heat, and lighting plant, a fire department, telephone and telegraph exchanges, a glass factory, freight and express offices, laboratories, great machine shops, and maintains in addition a boys' trade school, hospital, safety and hygiene departments, and a motion picture studio. The general offices of the company are located nearby. Within the Detroit area are also the Engineering Laboratory and the Ford Airport at Dearborn, the Lincoln Motor Company, and the

Highland Park plant. At the River Rouge plant, Ford operates its own blast furnaces, locomotive repair shops, the largest foundry in the world, a motor assembly plant, body plant, coke ovens, open-hearth furnaces, steel plant and rolling mill, paper mill, sintering plant, glass factory, and a cement plant.

Besides smaller plants in various parts of the country, there are seven in close proximity to Detroit, one at Northville, and hydro-electric plants at Ypsilanti, Flat Rock, Waterford, Phoenix, Plymouth and Nankin Mills. Other plants are at Iron Mountain, Michigan; St. Paul, Minnesota; Green Islands, New York; Hamilton, Ohio; L'Anse, Michigan, and Pequaming, Michigan.

The Ford Company also owns and operates lake freighters carrying ore and lumber from Northern Michigan to the River Rouge plant and Ford coal and coke north to Duluth on return trips. The company has seven ships for overseas shipping. Other Ford boats operate at sea carrying auto parts to Ford plants on the Atlantic and Pacific coasts and to foreign ports. The company operates eleven assembly plants, two sales, and nineteen parts branches throughout the United States. A subsidiary, the Fordson Coal Company, owns and operates coal mines in Kentucky and West Virginia.

There are associated companies with manufacturing plants at East Windsor, Canada, Dagenham, England, and Cologne, Germany. The plant at East Windsor supervises sales and supplies materials for Canada and practically all the British Empire except the British Isles. Dagenham supplies the United Kingdom, and certain materials to European assembly organizations. Cologne manufactures parts for and has jurisdiction over Germany, Austria, Hungary, and Czechoslovakia.

In addition to the manufacturing plants, there are assembly plants, service plants, and associated companies located at Buenos Aires, Argentina; Cristobal, Canal Zone; Havana, Cuba; Mexico City, Mexico; Montevideo, Uruguay; Rio de Janeiro, Brazil; Santiago, Chile; Sao Paulo, Brazil; Shanghai, China; Yokohama, Japan; Alexandria, Egypt; Antwerp, Belgium; Asnieres, France; Barcelona, Spain; Bologna, Italy; Bucharest, Rumania; Copenhagen, Denmark; Cork Island; Helsingfors, Finland; Istanbul, Turkey; Lisbon, Portugal; Amsterdam, Holland; Stockholm, Sweden; and Athens, Greece. The Ford company also owns approximately 2½ million acres of land in

the state of Para in Brazil for rubber development, of which 8,775 acres are under cultivation.

In 1914 Ford made 262,972 cars and trucks; in 1925, 1,990,995. In this, the last of three banner years, Ford (according to Moody's estimate) made a profit of $115 million, or $666 a share. In 1929, after the shift to Model A, Ford's production was as high, but its profits only $82 million. In 1932 sales were lowest, profits, $75 million. In 1932-35 profits never rose above $4 million. This is the effect of the rise of Ford's two rivals, set forth below.

Until 1933 the profits were truly colossal. For many years they have all gone into the coffers of one family. Ford, in America, has been built up to its present size not by borrowing money or floating new stock, but by reinvesting its super-profits in the business.

CHRYSLER

Chrysler is the youngest and most aggressive competitor of Ford and General Motors, the bantam of the Big Three. Chrysler and its subsidiaries manufacture and sell Chrysler, Plymouth, DeSoto, Dodge and Fargo autos, trucks, parts and appliances, industrial and marine motors and air-conditioning equipment. It owns ten plants at Hamtramck and Detroit, Michigan; Dayton, Ohio; Newcastle, Indiana; Los Angeles, California; Walkerville, Ontario; and Evansville, Indiana. At the end of 1934 Chrysler had 54,360 employees, about one-fourth the number employed by General Motors. Chrysler owns directly, or through its subsidiaries, the following companies:

Amplex Manufacturing Company
Amplex Export Corporation
Chrysler Export Corporation
Chrysler Corporation of Canada, Ltd.
Chrysler Illinois Company
Chrysler Sales Corporation
Chrysler Motor Parts Corporation
Chrysler Kansas City Company
Chrysler Motor Parts Corporation of Canada
Chrysler Motors of California
Chrysler Philadelphia Company
Chrysler Pittsburgh Company
DeSoto Motor Corporation of Delaware
DeSoto Motor Corporation of Canada, Ltd.
Dodge Brothers Corporation of Michigan
Dodge Brothers of Canada, Ltd.

Dodge Brothers of New York, Inc.
Fargo Motor Corporation of Canada, Ltd.
Fargo Motor Corporation of Delaware
New York Motor Warehouses, Inc.
Boston Motor Warehouses, Inc.
Portland Motor Warehouses, Inc.
Graham Brothers of Canada, Ltd.
Graham Brothers of Indiana
Maxwell Motor Corporation of Michigan
Maxwell Motor Corporation of Canada, Ltd.
Newcastle Realty Company of Indiana
Pekin Wood Products Company of Arkansas
Plymouth Motor Corporation of Canada
Plymouth Motor Corporation of Delaware
Chrysler Detroit Company of Michigan
Hamtramck Plumbing & Heating Company
Zap Development Corporation
Société Anonyme Chrysler, Antwerp, Belgium
Chrysler Motors Ltd., London, England
Dodge Bros. of Britain, Ltd., London, England

Chrysler sold 53,373 cars in 1922 and 192,083 in 1927. In 1928 it merged with Dodge. A peak came in 1929:

	Sales	Available for dividends	Earned per share	Dividends per share
1929	450,543	21,902,168	4.94	3.00
1932	222,512	11,254,232	2.58	1.25
1935	843,599	34,975,819	8.07	2.00

Export sales were 47,172 vehicles in 1934, out of a total of 598,884.

STUDEBAKER

The history of the industry shows scores of companies that faded out or were bought up. The rocky road that the smaller companies must today travel in face of the competition of the Big Three is illustrated by the history of Studebaker, which advertises itself as "the great independent." Studebaker, originally one of the world's largest manufacturers of wagons, carriages, and harness, was a pioneer in the auto industry, beginning as early as 1902 to work on gasoline and electrically propelled vehicles.

Business was good for Studebaker during the early boom years. In 1923 profits reached a peak of $18,342,222. In the ten years from 1920 to 1929 its profits never fell below $9,411,322. But that point was touched in 1929. Its relative position in the industry and its profits had been steadily declining since 1923.

Studebaker's financial position became more and more precarious as the depression continued. In 1932 Studebaker's net operating loss was $5,577,656. By June 30 of that year, its net working capital (exclusive of Pierce-Arrow, its subsidiary) had declined to $9,467,-938. In addition, the company had current bank loans of $4,800,000 either due or about to come due. In view of its weakened financial condition, efforts were made to raise additional working capital by means of a note or debenture issue, but the conditions of the financial markets at that time made this impossible.

To bolster up the company, Studebaker acquired 95% of the stock of the White Truck Company in September, 1932. A merger of the two companies was proposed, but opposition by a small group of White stockholders forced the abandonment of this scheme. Business continued to decrease.

The bank moratorium of March, 1933, forced the concern into the hands of receivers. The receivers reduced costs; sold the interest in Pierce-Arrow; liquidated the Rockne Motor Company inventory; and have since nursed the company back to financial health. In order to obtain new working capital, the Studebaker company was reorganized on December 10, 1934, and is now functioning on a new basis. While Studebaker is not yet operating at a profit its loss for 1934 was only about a million dollars.

The principal plant of the Studebaker Company is located at South Bend, Indiana. Studebaker also owns four plants in Detroit formerly used for manufacturing but now idle. Studebaker of Canada Ltd. owns an assembly plant at Walkerville, Ontario. In addition to the Studebaker line of cars, the company makes four lines of trucks, White, P.A., Studebaker, and Indiana—all of which are sold by White, which was not included in the receivership and which showed a larger dollar volume in sales in 1934 than any competing company except Ford and Chevrolet.

PROSPECTS IN THE AUTO INDUSTRY

The total production of cars and trucks in the United States and Canada from 1929 to 1935 was as follows:

Year	Units	Estimated Retail Sales Value
1929	5,621,715	$4,774,822,000
1930	3,510,178	2,839,014,000

1931	2,472,359	1,904,586,000
1932	1,431,467	1,058,715,000
1933	1,986,208	1,318,227,000
1934	2,895,629	2,015,788,000
1935	4,200,000	....

As the table shows, the industry touched its low point in 1932, with a decline of about three-quarters from the peak of 1929.

The output of the first eight months of 1936 was about 14 percent ahead of the same period for 1935. In November, 1936, the F. & B. Industries Service (Fenner & Beane) estimated that 1936 profits would be 54 percent over 1935, and dividend payments $245 million, compared with $108 million in 1935. Production has climbed steadily upward on the turn of the industrial cycle, and this increase should continue until production equals or surpasses the record of 1929.

This expansion, however, will not take place in an even manner. It will be highly irregular. The big companies will gobble up more of the market at the expense of the smaller companies and each other. The weakest independents will be shouldered aside and thrown into bankruptcy. In so highly competitive and crowded a field as the auto industry, there is always the possibility of sudden shifts in the relative positions of the various companies. The introduction of a popular new model or mechanical innovation may propel this or that company further ahead for a season or two.

But, though we may expect great changes among the independents, the trend is still toward the concentration of production in a few hands. The models, prices, classes, and methods of research have become so standardized, the competition so keen and their resources so enormous, that none of the independents can challenge the Big Three, who can quickly imitate their innovations, or in the last resort, absorb their smaller rivals.

The fiercest struggle for possession of the domestic market will be waged among the Big Three. Chrysler, the youngest of the trio, is by far the most likely to expand both plant and profits in the next few years. It has been buying its parts from other companies. Ford's privately owned company has already built its magnificent plants at tremendous cost. Its crying need is to find markets here or abroad to absorb its output. Although General Motors is spending fifty million this year in an expansion program, the greater part of the money will be spent on plant rehabilitation and improved machinery rather

than on new building. The same is true of Ford. General Motors' chief productive problem revolves around its living labor forces. It is endeavoring to cope with strike stoppages by decentralizing its manufacturing operations.

Chrysler has been going ahead without interruption during the depression, while its two competitors have been going backward or marking time. In 1929 Chrysler did only 8% of the total auto business; today it does over 20%. In the first half of 1935 General Motors and Ford accounted for the same percentage they had in 1929. The baby among the Big Three occupies today a position in the industry comparable to that of General Motors in 1924. Chrysler stock is the speculative favorite among auto stocks on the exchange today. Chrysler workers have every right to demand their share of the increased earnings which will inevitably accompany increased production.

INTERNATIONAL CHARACTER

We have seen that Ford and General Motors, and, to a certain extent, Chrysler, are not simply domestic manufacturers but international corporations with factories, assembly plants, subsidiaries, and sales branches in all parts of the world. Without an insight into the significance of the international character of these companies, it is impossible to understand or forecast the future of the auto industry, and American capitalism as a whole.

The auto business in the United States is becoming more and more one of replacement, rather than of tapping new markets. A company can get increased domestic sales only by taking some away from another company—if it does not lose some to the other first. Highly competitive conditions increase sales expense and keep the rate of profit down. All of the big companies have more than enough capacity to fill any ordinary increase in domestic sales volume.

Consequently the big companies are driven to seek outlets in other countries where the profit prospects are greater and the market is undeveloped. The export business becomes an ever greater factor in their operations. All indications point to a relatively greater expansion of Ford's and General Motors' foreign sales in the coming period. This trend was clearly discernible before the 1929 crisis; and it has gained considerable momentum since.

This can best be shown by quoting from the section of "Overseas Operations" in the annual report of General Motors for 1934: "For many years past the export of the Corporation's products to overseas countries has had a favorable influence on its general economic position, and, still more importantly, has contributed substantially to the corporation's earnings. . . . Having established effective distributing organizations throughout the world for the sale of its products, the Corporation adopted the policy of expanding its sources of supply by engaging in manufacturing operations, first in England, through the acquisition of Vauxhall Motors Ltd. and subsequently in Germany, through the acquisition of Adam Opel, A.G."

The Corporation's participation in that portion of the world market outside the United States and Canada which is supplied by foreign sources has improved as the operating position of its overseas manufacturing plants has been developed, increasing from approximately 4 percent in 1929 to a peak of 14 percent in 1934. Meanwhile it has regularly had about a third of the exports from the United States and Canada. In sum, the Corporation's position in the world market outside the United States and Canada in relation to production from all sources both domestic and overseas, rose in 1934 to about 20 per cent.

The Corporation's sales abroad, both from domestic sources and from foreign manufacturing subsidiaries, rose from 100,894 cars and trucks in 1925 to 282,157 in 1928. They fell to 77,159 in 1932, and have risen rapidly since then. In 1934 they rose 84 per cent over 1933, and since prices also improved, wholesale receipts rose 93 per cent. Of the total of 220,560 units sold in 1934, approximately 50 percent was from American sources as against 45.2 percent in the year 1933. This reversal in the trend of several years past is occasioned by the more rapid economic recovery of the non-manufacturing countries in which American products have a dominating position.

The semi-annual report of July, 1935, stated that the recovery in the auto business is even greater outside than within the United States; and that the capacity of the corporation's manufacturing plants in both Germany and England would be increased, since it was inadequate to meet the current demand. Returning from Europe in November 1935, James D. Mooney, vice-president of General Motors Corporation in charge of exports, declared that "the automobile busi-

ness is booming in Germany. General Motors sales there have increased 75 per cent this year. English sales are up 25 per cent and French sales are up slightly." He also announced that General Motors would open a new plant at Brandenburg, Germany, at the beginning of 1936.

Ford is striving to keep pace with General Motors on the foreign field. Through the Ford Company of England (which is controlled by the Ford Company in the United States and has the exclusive right to manufacture, assemble and market Ford cars and parts in Great Britain, Ireland, and Europe with the exception of the Soviet Union), Ford is playing an increasingly important part in motor production in every European country. In many small countries without a motor industry of their own, almost the whole market is shared between Ford and General Motors, since other European manufacturing companies, while able to compete within their own frontiers (often by means of special governmental favors or financing), cannot compete on foreign ground protected by high tariffs.

In France, Italy, and Germany, Ford claims a very substantial percentage of sales and competes very successfully with the most popular and low-priced national makes. It has established assembly plants in almost every European country and throughout the world. Ford of Canada recently announced its plans to build a $750,000 assembly plant in New Zealand.

"An interesting development in the financial organization of Ford in Europe," according to the leading British financial journal, *The Economist*, February 29, 1931, p. 431-2, "lies in the establishment of a Ford investment company registered in Luxembourg. This company will act as a clearing house for all the European Ford companies, controlling the collective investment of the reserve funds of some companies, lending funds to others who may require them for the construction or extension of plants."

Ford and General Motors fight for the possession of the world market; and in the struggle each company does not hesitate to use other than commercial means to get the better of its rival.

Germany, for example, has been one of the most important arenas of competition between them. General Motors' subsidiary, Adam Opel, A.G., does 40 per cent of the total auto business in Germany; Ford has only an assembly plant there. Hitler's regime removed any threat

of confiscation of Germany auto plants by the organized working class and through its road building and military programs gave an impetus to the auto business in Germany.

The support given by Hitler in this connection to General Motors through its subsidiary, Adam Opel, A.G., was revealed in a Havas dispatch which appeared in the New York *Post* of January 8, 1936: "Situated almost in the center of Germany as a protection against aerial attack, a new motor factory has been opened by the Opel Motor Works at Brandenberg on the Havel for the construction, private sources revealed today, of tanks, armored cars and trucks. The new factory is intended as a primary unit in the Nazi Government plans for motorizing of the Reichswehr and industrial mobilization of Germany in case of war." Ford happens to have no such intimate relations and is gradually being left out in the cold in Germany.

Certain tie-ups between the big international concerns, the international financiers, and the most reactionary, anti-working class political regimes are appearing in the auto industry. Owen D. Young is a director of General Motors which has an important German plant. He is also Chairman of the General Electric Company, another international American concern, affiliated with the great German electrical trust of Siemens, which backed Hitler. Young created the famous Young plan of reparations, acting as protector of the interests of the great corporations with which he is connected and of Morgan & Company. Morgan's are the bankers for General Motors and General Electric, and international money lenders. They gave financial support to stabilize Mussolini's regime in 1926, to the anti-labor National government which overthrew the Labor government in Great Britain in 1931, and today give it to the Hitler regime. Thus American corporations and big bankers help support international reaction.

The international activities of the big companies and the financial interests behind them not only function against workers in other countries; they may become a weapon against the American workers as well. If the workers in the auto industry organize themselves into strong industrial unions with great bargaining power and begin to slip out from under the control of the companies and their agents in the ranks of the workers, Ford and General Motors will not hesitate to shift, wherever possible their base of operations where labor is cheaper. Ford, for example, is already manufacturing his tractors in

England and Ireland and importing them into the United States. The recent tariff treaty between the United States and Canada opens the door to a temporary, or even permanent, transfer of auto operations from this country to Canada in case of strikes. Capital, in the auto industry as everywhere else, knows no nationality in its feverish pursuit of profits.

These industrial colossi, taking their stand in both hemispheres, are the antagonists which confront the automobile workers of America, with whose organization for the battle, the next part of this booklet is concerned.

UNIONISM IN THE AUTOMOBILE INDUSTRY

We have presented a concrete view of the financial structure of the automobile industry and its importance in the economic and social life of this country. Representatives of all shades of opinion are agreed that the question whether unionism can establish itself firmly in this industry is one of the dominant social issues of our day. Liberals and the great mass of workers, who are still conservative or mildly liberal, are convinced that the automobile workers without a strong union are helpless in bargaining over wages, hours, and conditions of work with the mighty aggregations of capital represented by the automobile corporations. Radicals who have already given up any hope that the present economic and political order can be "saved" hope for unionization in such industries as automobiles since they believe that it will lead to the growth of a new social order. On the other hand the employers and reactionaries generally are bent upon defending the citadel of the open shop and company union in the auto industry—an industry which is symbolic of the capitalist economic and political system.

For the past three years a never-ceasing, nation-wide, intensely dramatic struggle between employers and workers over the issue of unionization has been in progress. In that struggle various representatives of the industry, the workers, the government, have revealed clearly the role these forces play in the modern world. A study of the important incidents and phases of the conflict will give us also some basis for forecasting the outcome of the struggle and the conditions which must be supplied if that outcome is to be favorable to the workers.

ATTEMPTS AT ORGANIZATION BEFORE 1933

It suffices to give but a passing glance to the history of labor organization in the industry prior to 1933. Immediately after the World War the United Automobile, Aircraft and Vehicle Workers, an A. F. of L. union organized on an industrial basis, made a considerable stir in the body plants. In 1921, however, a disastrous strike, plus the efforts of the Federation to divide it into craft lines, killed practically all its influence. It withdrew from the A. F. of L., was later taken over by the Communist party and became the base for its Auto Workers' Union. During the whole boom period the banner of unionism dragged in the mud and only sporadic departmental walkouts kept the idea of unionism alive.

The American Federation of Labor did make a gesture of doing something about the matter in 1926, when its convention was held in Detroit. A motion was adopted, there in the citadel of this mighty new industry, to organize its workers. At the outset, at any rate, all the workers were to be enrolled in one body, the various craft internationals being asked to waive the issue of their jurisdiction until the men had been brought into the unions and the employers had recognized the latter. But at a conference held only a few weeks later these craft union leaders announced that "they would be damned" if they would even temporarily and provisionally waive their jurisdiction over any skilled workers. Not that it made much difference, for the "progressives" of the period seemed to have the notion that the way to organize workers into the unions was to go, not to these workers but to the employers. In the winter of 1926-27 they tried to obtain interviews with the heads of auto companies in order to persuade them to encourage the workers to join the A. F. of L. In exchange the A. F. of L. would see to it that the workers produced more regularly and efficiently for the corporations!

These methods drew no response from "hard-boiled" employers amassing fabulous profits and evoking the admiration of the world by their mass production methods. It evoked no response from the workers, drawn from the farms and hills by this expanding industry and paid peak wages—and not yet able to see how the "belt" sucked dry their strength, much less to foresee the tragedy of the depression years.

SPORADIC STRUGGLES OF 1933

General Motors, which had sold 562,970 cars in 1932 during the low of the depression, sold 869,035 cars in 1933. Its net income available for dividends rose from $164,979 to $83,213,676. The economic changes reflected in those figures were already under way before Roosevelt's inauguration in March and the change may have affected sentiments and actions of the automobile workers.

As one observer expressed it, "early in 1933 hell began to pop. Strike followed strike with bewildering rapidity. The long exploited, too long patient auto slaves were getting tired of the game." The year started with the Briggs Body strike on January 11, the Hayes Body at Grand Rapids on January 21, the complete tie-up of the four Detroit Briggs plants on January 23 and 24, the Murray Body workers on January 27, the Hudson Body workers on February 7, the Hudson production workers the following day. The Chevrolet strike in Oakland, California, and the White Motor Company walkout in Cleveland finish the chronology for the spring and summer of that year.

However, on September 22, the Mechanics Educational Society pulled out the tool and die makers at Buick, Chevrolet, A. C. Sparkplug, in Detroit, and Flint Fisher Body. The movement in Detroit spread to Cadillac, Chevrolet, Dodge, Fisher Body, Hudson, Packard, Plymouth, Briggs, Vernor Highway, Ternstedt, Murray, Pontiac, and G. M. Truck. The production workers at Murray walked out September 27, Henry Ford faced his first strike September 26 at Chester, Pa., and again two days later at Edgewater, N. J. The Kenosha, Wis., employees of the Nash Motor Company struck on November 9, and more than 4,000 workers at Budd Manufacturing Company in Philadelphia followed suit on November 13.

Improved conditions were forced in all Detroit plants. "Dead time" was abolished. This was indeed something like a "New Deal" for a great open shop industry.

AUTO CODE AND AUTO WAGES

While these fall strikes were brewing, the Roosevelt administration had drawn up the N.R.A. law and had it passed by Congress in June,

1933; it put through codes, under the law, for several big industries, but it had some difficulty getting the auto manufacturers interested in a code. They did not want competition limited by any fair-trade rules, for they had a tight association already (which Ford did not seriously disturb, though he was not a member). A code would only vex them with hampering rules about wages and hours and non-discrimination against union members. They only signed up when they were allowed to write their own ticket. Part of this was an "averaging clause," which meant practically no limit on hours in a seasonal industry, and in any case was too complicated for labor to keep track of, or for anybody to enforce. (Only *average* hours per week were limited; five 48-hour weeks in busy times and a later week of lay-off would count as six 40-hour weeks.) Another part was the "merit clause," which they insisted on in order to show that they were not impressed by Section 7-A forbidding discrimination against union men. (The companies stipulated that they were to be free to hire according to *merit*, that is, competence on the job as judged by the employer.) Only one other industry later got such a clause—the chemical industry, dominated by the Du Ponts who also ran General Motors. Furthermore, the auto industry insisted on taking its code in installments. While those of other industries ran indefinitely, or for the life of the N.R.A, the auto code expired anew every few months—to be renewed with very little change.

The code fixed minimum wages of 40-43 cents an hour. This helped a handful of workers; most earned more than that per hour. While hourly rates had dropped during the depression, it had chiefly made itself felt in catastrophic layoffs. The "Henderson Report" of the N.R.A. showed that the tool and design engineers, a very highly skilled group, had median annual earnings in 1929 of $2,717, which dropped in 1933 to $1,300, and in 1934 were only a little over $1,900; in other words, still 33 per cent below the 1929 level and less than $40 a week.

The per capita weekly earnings of workers who actually worked in the automobile industry in 1933 averaged about $25, according to the U. S. Department of Labor. Even if a worker were employed 52 weeks in the year, this would mean only a $1,300 annual income; and employment is notoriously seasonal even in good times. Thus the industry in 1934 lost 36 per cent of possible man-hours (using the 40-

hour week as normal). A sample study in the "Henderson Report" (made in January, 1935) revealed that 45 per cent of all workers got less than $1,000 a year. In one factory a third got less than $400 for the year 1934 and three-fifths got less than $800.

Though the code did not really affect wages, there was some agitation to amend all the codes by cutting the maximum hours 10 per cent and raising the hourly minimum wages 10 per cent. The businessmen who assembled in Washington in February-March, 1934, would have none of this. However, the auto industry was threatened with a strike, in March, serious enough to cause the association to "recommend" to its members that they individually adopt the 10-10 formula, at the time of the 1934 settlement, discussed below. The companies did not alter their hour schedules, but some wage increases did result.

The adjacent table indicates that the auto industry, like others, responded to the increase in business between 1935 and 1936 by working longer hours, so that the man who happened to have a job got more in his pay envelope, even though hourly rates stayed about the same until the end of 1936, when quite a few auto manufacturers were represented in the list of companies raising wage-rates.

	Auto Manufacturing		Durable-goods Manufacturing		All Manufacturing	
	Aug. '36	Percent rise over Aug. '35	Aug. '36	Percent rise over Aug. '35	Aug. '36	Percent rise over Aug. '35
Employment (index)	97.0	2.0	79.9	13.3	88.9	8.4
Payrolls (index)	83.4	15.4	73.0	25.9	81.0	17.2
Average weekly earnings	$28.00	13.1	$25.03	11.1	$22.66	8.1
Average hours per week	36.3	11.4	40.4	9.6	39.4	7.5
Average hourly earnings	77.3c	2.2	61.4c	0.9	57.1c	—

Note—Indexes take 1923-25 as 100. August automobile output is estimated by the Federal Reserve Board to be three-quarters of the average month's output.

The extremely seasonal character of the auto industry imposes great hardships on the workers. The code created a committee to study the matter. Its recommendation—that new models be introduced about November 1 instead of January 1, in order to create one peak then and so reduce the accustomed spring rush—was not made public. But when, a year later, in January 1935 the "Henderson Report" of the N.R.A. scolded the industry, it took steps to introduce the innovation. This was far from abolishing seasonality, as can be seen from the Federal Reserve Board's revised "seasonal adjustment fac-

tor" (the expected degree of fluctuation attributable simply to seasonal causes) applicable to the first twelve months of the new plan (August 1935—July 1936). The Board stated that, January being an average month, April is likely to be 22 per cent above it—and September, 65 per cent below it.

THE NEW DEAL

The auto code, like others, contained Section 7-A, even if it was overlaid by the "merit clause." In the summer and fall of 1933 the great mass of the workers in this country believed that the Blue Eagle was verily the symbol of a New Deal for the common man and specifically that it was the desire of the Roosevelt administration that workers should organize into unions, preferably in the A. F. of L., and that the government would actively support them in their efforts for unionization under Section 7-A of the N.R.A. which stated that workers had the "right" to organize and bargain collectively through representatives of their own choosing. The leadership of the A. F. of L. shared this faith, despite liberals who urged that all that labor was getting was a somewhat more favorable situation for organizing than had existed and that it would make no real gains unless unions were built on the solidarity and militancy of the workers and brought independent pressure on the government to counteract that exerted by the employing class.

What happened? When workers undertook to organize, especially in those industries in which there was little if any tradition of unionism, and employers resorted to all the old methods of fighting the unions, the heads of the National Recovery Administration, of the Labor Boards, etc., revealed the most astonishing differences in the interpretation of Section 7-A, and the smiling President amiably permitted the debate between them to proceed. Employers resorted to interminable delays in dealing with the Labor Boards and eventually took refuge in appeal to the courts. When workers resorted to strike action as a last resort in order to establish their right to organize, police and militia were not in any instance called out to remind the employers that there was a New Deal, but they were put to excellent use on many occasions against strikers. This would have happened much more frequently if many strikes in big industries had not been

averted altogether when some "personal agent" of the President, such as Edward F. McGrady, "ace trouble-shooter" of the Department of Labor, or William Green rushed into the breach with the solemn promise that if the men would but exercise a little more patience, this Board or that would see that their grievances were redressed, hours reduced, wages raised.

When, repeatedly, such promises were not carried out, impatience mounted. Yet many held stubbornly to the conviction that the President was well-disposed, only in certain cases badly advised. We shall see that it was the automobile settlement of March 25, 1934, that inaugurated a new period, when large sections of workers understood that the honeymoon of the New Deal was over, that they could not count upon the bridegroom to shower favors upon them, that they would have to fight for whatever they might get.

COMPETING TYPES OF UNION

The struggle for auto unionism in 1933—as in 1926—was impeded by the struggle between the craft and the industrial forms of union. For the benefit of readers who may not be entirely familiar with the trade union movement, where the workers of a single occupation, possessed of one type of skill or experience, regardless of the industry in which they may be employed, are organized into a union of their own, that is a craft union. For example, electricians engaged in building construction, repair work, mining, public utilities plants, etc. Where all the workers employed in a given industry, regardless of the specific craft skill they may or may not practice, are organized into a single union, we speak of that as an industrial union. For example, the United Mine Workers of America includes all who are engaged in and about the coal mine, whether they be carpenters, electricians, machinists, machine tenders, coal diggers, teamsters, etc.

In the typical national union affiliated with the American Federation of Labor (frequently also termed "international" because it has local units in Canada as well as the United States) the local units of a given craft or industry are bound together into a highly centralized organization. While the control of the national or international over its locals is strong and definite, the A. F. of L. itself is a loosely knit organization and its control over the national and international unions is slight.

In cases where there is as yet no national craft or industrial union to claim jurisdiction over a given group of workers, the A. F. of L. may issue a charter direct to such a group. Such a local union, not subordinate to any national union, is known as a Federal local. Thus, as we shall see presently, the A. F. of L. chartered a number of Federal locals in automobiles, as well as in rubber, aluminum, etc. The controversy between the craft and industrial units now raging within the A. F. of L., and to which more extended references will be made later, has to do with the question whether these Federal locals shall presently be dissolved and the workers in them distributed among various existing craft unions in the A. F. of L., the craft unionist position; or whether the Federal locals shall be united into a national autonomous union within the Federation with jurisdiction over all workers in a given industry, the thorough-going industrial unionist position. A compromise formula would unite the Federal automobile unions, for example, into an autonomous national body but would limit their jurisdiction to the production workers, leaving the skilled machinists, electricians, wood workers, etc., to the respective craft unions.

The 1933 strike movement was a chaotic and many-sided surge of revolt. All sorts of local groups and organizations came into being, led strikes, played a role in the developing situation. The Industrial Workers of the World, the Communist party's auto workers union, an organization called the American Industrial Association, and many others had their day. All these believed in industrial unionism. In April 1933 the independent Mechanics Educational Society of America had been organized and begun a spectacular campaign of organization among the tool and die men. The unusual name was chosen to ward off suspicion of anti-union employers. Its leaders were men who had had some previous experience, some in the British and some in the American labor movement. The membership was at first confined to the highly skilled tool and die makers. In other words, it had a craft union structure. Ordinarily conservatism in method is associated with the craft union form of organization. The M. E. S. A., however, from the outset used militant and efficient strike tactics. It paid considerable attention to the education of its members in the history and philosophy of the labor movement. A number of its leaders have had an avowedly radical social philosophy which has had its effect upon the union as a whole. The preamble to its constitution refers specifical-

ly to the class struggle between workers and employers under the capitalist system. It was a natural development, therefore, when, at the first convention of the scattered locals of the organization, provision was made for a production workers' department also, to take in the semi-skilled and unskilled workers in the industry. In other words, the industrial form of organization was adopted.

The American Federation of Labor played no leading part in the initial stages of the strike wave. As late as June 1933 it had in the field only an occasional old and also weak craft union. Many auto workers—of those not simply averse to unionism—were repelled by the apathy and indifference of the A. F. of L. toward unskilled and semi-skilled workers, the outworn craft structure of most of the A. F. of L. unions, and the prevalence of autocracy within many of them. Under the first impulse to organize, the auto workers turned toward "independent," i.e., non-A. F. of L. unions, as did the workers in some other industries.

The Communist union was hindered in taking the lead in creating industrial unions by the fact that it was, at that time, officially opposed to cooperating with other groups.

The A. F. of L. assumed the leadership, for various reasons. It had some financial resources, a staff of organizers, and central labor council apparatus in various cities. The A. F. of L. leaders had experience in organizing workers, negotiating with employers and government representatives, etc. While employers and government agencies prefer not to deal with unions at all, if it is a choice between dealing with a movement of workers under radical leadership or with "regular" unions and "responsible" officials, employers and government will choose the lesser evil and agree to "deal" with the latter.

THE A. F. OF L. SWINGS INTO ACTION

In automobiles, the A. F. of L. swung into action slowly, but once the movement got under way the auto workers poured into the Federal locals. The caliber of the organizers was in most cases very low. The few progressives who were sent in found themselves tremendously handicapped by the craft union question. Workers wanted to know whether the local industrial organizations which were set up would

later be united into a national industrial union of auto workers or whether the A. F. of L. would attempt to break them up into craft divisions. The organizers themselves didn't know. All sorts of conflicting orders came from headquarters, but when it came down to an actual jurisdictional fight with the machinists, for example, it was noted that the craft union always won out.

At this time the auto lords began the large scale organization of company unions to offset the unions and to "live up to the collective bargaining section of the code." All the usual stunts were used to force these formations down the throats of the workers. Elaborate spy systems were put to work. The Hudson Industrial Association for example, was formed in August. The general manager and foreman instructed the men to come. The laws were made for them when they came to the meeting. Only about 150 men took part but the foremen and supervisors were active in putting the idea over. Every new employe was automatically enrolled in the company union. In South Bend, Ind., when a worker was hired at the Bendix Brake factory he signed an application that he was "voluntarily" joining the Bendix Employes Association which met once a week while everybody was at work.

Unionization continued. More strikes broke out. The auto workers wanted action on a national scale and the agitation for a general strike to force union recognition grew by leaps and bounds. It was claimed that well over 60,000 were enrolled in the A. F. of L. in the Detroit area and an additional 150,000 elsewhere. Finally the Federation chiefs set March 20, 1934, as the day on which the auto workers of the nation were to strike and deliver a death-blow to company unionism and industrial autocracy.

Once again, however, the A. F. of L. leaders, at Roosevelt's request, agreed to a postponement and on March 25 they finally reached an agreement, which settled nothing except that the effort of the automobile workers to build an effective union had again been thwarted and that the corporations were put in a position to reap in profits the full fruit of the upturn in the industry.

THE 1934 SETTLEMENT

The chief element in the settlement was the inclusion in the code of a plan for "proportional representation." This meant that on commit-

tees for collective bargaining and adjustment of grievances, all organizations—A. F. of L. unions, non-A. F. of L. unions, and company unions—should be proportionally represented. Thus the President placed the company union on the same footing as the genuine workers' union and enabled the employers to make sure in advance that the men would not present a united front for bargaining purposes but be divided into separate, jealous and often warring groups. Then the settlement provided for an Automobile Labor Board which would presumably guard against discrimination, guarantee collective bargaining—after the strike had been sabotaged and the effort of the men to forge an instrument, a strong union, to represent them in bargaining—had been blocked.

It was not long before even the A. F. of L. officials had to admit that nothing had been gained and that the Wolman Board was utterly ineffective. Particularly in the Detroit area thousands dropped out of the unions in disgust. Yet the men did not accept this defeat administered by a combination of employers, government, and union officials without a protest.

The M.E.S.A. called out 4,000 tool and die workers. Cleveland, St. Louis, Flint, Racine, Kenosha, Milwaukee and Tarrytown, N. Y. saw walkouts by Federal locals. A conference of three hundred representatives of A. F. of L. auto unions held April 8, heard the sharpest criticism of the actions of the new Labor Board and a new strike vote was narrowly averted by the Federation representative. And on April 13 the great Toledo Auto-Lite strike broke loose and brought down the entire house of cards so elaborately constructed by the Administration.

THE BATTLE OF TOLEDO

Until this strike in an important automobile parts plant—a strike which did not end until ten thousand Toledoans had engaged in a four days' pitched battle with deputies, private guards and militia, Toledo, to most people, was merely a stop-over between Cleveland and Detroit. Its only claim to distinction was the fact that all but one of its ten banks had collapsed two years before Roosevelt stabilized the banking system of the nation by closing all the banks. In 1935, 60 to 70 per cent of its formerly gainfully employed population was unemployed.

Toledo was also a notorious cheap-labor, "scab" town. Whatever unions were in existence were weak and ineffectual craft unions among the skilled trades. They did not know, or were unconcerned about the fact that a stoppage of production in even a few plants in Toledo would be sufficient to paralyze automobile production, and indirectly affect the production of steel, coal and other basic products which for the past few years has been sustained largely by the continued expansion of the automobile industry.

The Auto-Lite strike was called by Federal Local No. 18384, for recognition. The A. F. of L. leaders in the automobile industry gave no help. The Lucas County Unemployed League came to the aid of the strikers on the picket line, in meeting relief problems, etc., and the local carried on with fair success—until the company secured an injunction against picketing. They saw no way out but to "obey" the injunction and strike-breakers began to pour into the plant. When all hope seemed gone, the leaders of the Lucas County Unemployed League sent a letter to the judge denouncing the injunction and stating that at a certain hour a few days later they would be at the Auto-Lite plant to "smash" his injunction by "peaceful mass picketing." The first day the "mass" numbered half a dozen persons. They were arrested, lectured and told not to return to the picket line—and promptly started picketing again. A couple of days later, when this dramatization of the injunction issue had attracted more workers and somewhat stiffened the backbone of the union leaders, forty-five were arrested and kept in jail over night. In the morning they practically took over the court room, delivered speeches against injunctions, surrounded the leaders when deputies sought to isolate them to be sentenced for contempt, and in the afternoon, when a bewildered judge threw up his hands, hurried back to the picket line. It is not hard to understand that thousands began to appear each afternoon in the neighborhood of the plant to follow this silent and thus far non-violent struggle. One afternoon strike-breakers dared not leave the plant. Deputies, paid by the company, did not know how to open a way for them. When one of them struck an old man who was shouting defiance on the picket line and knocked him down, the crowd surged forward, forced the deputies to retreat into the plant, stoned it and kept the strike-breakers imprisoned for hours until the dawn brought the National Guard.

EFFECTIVE TECHNIQUE

The methods employed in the Auto-Lite strike—calm defiance of injunctions, cooperation between the unemployed organizations and the unions, dramatization of the strike issue to bring the masses out to observe and participate in picketing, the threat of a local general strike by the city central body, persistent effort by groups of advanced workers with a revolutionary outlook but a realistic union policy—brought the Auto-Lite strike to an end with a partial victory for the union. Before a year passed, these methods had led to the complete unionization of the Auto-Lite plant and of the entire auto parts industry in Toledo. In other cities and industries these same methods, in many cases applied by workers consciously following the Toledo example, brought complete or partial victory in a great series of struggles which made the year 1934 one of the most notable in the history of the American working class.

But in the automobile industry in general, the unions' situation was bad because the threat of a national auto strike (which was averted by the "Settlement" of March, 1934) had come "toward the end of the season." With the aid of the press, and, at first, the A. F. of L., the administration created the illusion of the impartiality of the Automobile Labor Board. Instead of concentrating on building a union, the A. F. of L. lodged complaints of discrimination with Dr. Leo Wolman, head of the board, and waited for a vote on representation.

After the "settlement" the workers left the A. F. of L. as fast as they had entered it a few months earlier. Thousands were reported as tearing up their membership books in disgust. The A. F. of L. was forced to withdraw its chief organizer, Collins, from Detroit. And the bosses made a drive for the company union.

For nine months, the Auto Labor Board listened to complaints and reports of code violations—but no concrete improvements were effected. At last it got around to plant elections for collective bargaining representatives. They were first held at the Cadillac, Chevrolet, Dodge, Plymouth and Chrysler plants.

AUTO LABOR BOARD ELECTIONS

These elections for collective bargaining representatives of the men carried on under the auspices of the Automobile Labor Board early

in 1935 told a very interesting tale. Of the first 40,000 eligibles called on to vote, 90 percent voted, although by this time the A. F. of L. had repudiated the Board and advised workers not to participate in the elections. Of 154,780 valid ballots finally cast, 111,878 voted for "unaffiliated representatives," i.e., not belonging to any union, A. F. of L., non-A. F. of L. or company; 14,057 voted A. F. of L., 7,071, independent unions; and 21,774 for avowed company-union representatives.

What interpretation is to be put on these figures? First, that in spite of disappointment in the unions and tremendous pressure by the corporations, the men still shunned company unionism. Second, that they sensed the need of some agency for collective bargaining and were prepared to try the Labor Board's system rather than simply abstain from voting. Third, and naturally enough, that there was as yet no union, A. F. of L. or independent, in which they placed any measure of confidence. The A. F. of L. was again attempting to organize. It had replaced Collins by another old hand, Francis Dillon. When it finally flatly repudiated the Wolman Board, whose establishment it had hailed as a victory in 1934, some of the tougher spirits among the men rejoined the A. F. of L. Federal locals. But the A. F. of L. had no simple and positive program to offer the men. In the spring of 1935 the spotlight shifted for a second time to Toledo.

TOLEDO AGAIN

Following the unionization of the vast majority of the Toledo auto-parts plants by March 1935, the local auto workers' union finally approached the last major challenge—the transmission plant of the Chevrolet Motor Ohio Company, employing 2,300 workers. Previous attempts to organize this plant had met with almost total failure. Certain more backward elements and leaders in the union balked at the seeming magnitude of the task, for this was poaching upon the previously inviolable domains of the General Motors Corporation whose illimitable resources would be fully and unhesitatingly used to smash the union. Nevertheless the progressive forces in the union pressed unceasingly for an organizational drive on the Chevrolet plant. They recognized that all previous union activities had been merely preliminary skirmishes and training for this major onslaught.

Two factors largely determined the ultimate success of the pro-

gressives' program for organization of the Chevrolet plant. The first of these was the general atmosphere of unionism which now pervaded the air of Toledo and the steady succession of labor battles and victories and partial victories which had followed in the wake of the Auto-Lite strike. The Chevrolet worker might have shunned direct union appeals, but he could not avoid the experiences of his friends and neighbors who were in the unions nor the daily evidences of union activities and achievements which constantly forced themselves into the Toledo press.

Secondly, officials of General Motors connived with the Automobile Labor Board in attempting to put over a crude maneuver to place the official stamp of company unionism on the Chevrolet workers. This was an "election" called in the Chevrolet plant for April 9, under the supervision of the completely repudiated Board, to determine what agency the workers desired to represent them in collective bargaining. The real union had not even requested such an election, but it was the intent of the company to force through a vote favorable to the company union before the genuine union could secure the slightest foothold in the plant. The obvious crudity and arrogance of this maneuver acted as a boomerang against the company and served to drive the workers to the union.

With its hand forced by the imminent Auto Labor Board election, the union was compelled to act promptly and decisively. Ten days before the election a meeting of the Chevrolet workers was called. The phenomenal number of 600 showed up. Other successful meetings were called in quick succession. The union was flooded with applications for membership. When the elections were finally held, despite the fact that the union advised the workers not to participate in them, the vote of the Chevrolet workers went overwhelmingly for the representative of the union—the business agent.

Once the vote was over, there was no stalling or delay. Moving quickly and decisively, the new union men acting through their committee drew up a union contract and presented it to the plant executives on April 19.

Every significant condition in the union contract was flatly rejected by the company. That very night a mass meeting of the Chevrolet workers was held and a unanimous vote for strike taken. A strike committee of nine was elected with authority to call the strike.

Desperately, General Motors sought to delay the action. Topnotch G.M.C. officials flooded into Toledo from Detroit Monday, April 22, at 5 A.M. and called the shop committee into another conference. General Motors was obviously on the defensive. They knew they were dealing with leadership of a new caliber. They kept the committee closeted in conference for twelve straight hours so that the strike could not be called that day. The committee held to its demands like the Rock of Gibraltar.

At 6:15 a.m., April 23, the committee went through the plant and spread the word. The power was turned off, the wheels stopped moving. In a disciplined, organized line, the workers marched from the plant. The company foremen tried to threaten and cajole the strikers not to leave. Company handbills, calculated to distort the issues of the strike and confuse the workers, were circulated. The company tactics were useless. In short order, the plant was entirely shut down.

For a number of reasons—because the General Motors strike presents some very graphic lessons in strike strategy and tactics, because it played an important part in the developing controversy within the A. F. of L. between craft and industrial unionists, which is now the dominant element in the labor scene, and because in essence, the problems faced in this strike still wait for solution by the automobile workers—it is profitable to set forth the history of the Chevrolet—General Motors strike of 1935 in some detail.

CHEVROLET—GENERAL MOTORS STRIKE

From the outset of the Chevrolet strike, the line-up of opposing forces was clear-cut and marked. On the one side were the strikers, a minority of the strike committee and the progressive forces in the union local. On the other, were General Motors, the organized commercial and industrial interests such as the Chamber of Commerce and Merchants and Manufacturers Association, the capitalist daily press, the "leading citizens" including prominent socialites, university and school officials, ministers, public officials, etc., the government, and even some union officials.

The strategy of the union progressives was first of all to maintain the Toledo strike on a militant, mass-action basis, to keep the leadership of the strike in the hands of the elected strike committee, and to prevent the settlement of the strike by Francis Dillon and the A.

F. of L. officialdom over the heads of the strikers. Further, the progressives realized the necessity of spreading the strike to every General Motors plant and, if possible, to inspire a general auto walk-out.

For the first days of the strike, no effort was made by the company to run scabs into the plants, for memories of the Auto-Lite strike still provoke sleeplessness among the industrialists in Toledo.

Mass picket lines kept a 24-hour vigilance about the deserted plant. Plant managers and officials were forced to beg the permission of the strike committee to enter their own premises. The company was compelled to pay the strikers off the property and while on the picket line. By keeping one step ahead of the company, by taking the aggressive, the strikers prevented the company from carrying through a coordinated counter-offensive.

STRIKE TACTICS

Moreover, from the standpoint of demoralizing propaganda, the strike committee began to show the "public relations counsels" of General Motors a thing or two. When the company issued lengthy statements to the public through press channels, the strike committee promptly replied through the same channels with equally lengthy but extremely devastating statements that quickly forced the company to change the substance of its propaganda. Further, the strike committee issued a strike bulletin, "Strike Truth," which had widespread distribution among the Chevrolet workers and workers in other auto parts plants. The militant tone, the factual material and the clear-cut analysis of the strike issues contained in this single bulletin strengthened the morale of the strikers and laid the basis for the progressive principles which influenced the further conduct of the strike and the negotiations.

The progressives in the union knew that they were dealing with inexperienced workers, fearful of "public opinion," subject to confusion in the welter of rumor and misleading propaganda, with indoctrinated prejudices against "radicalism," suspicious of everything they could not understand—but nevertheless anxious for guidance and willing to make a stand-up fight. They opposed the A. F. of L. officials, who in every major industry had curbed necessary militant action by reliance on compromising methods of arbitration

and the diversion of action into the deadening channels of endless conferences with government boards which were promptly converted into instruments for the protection of the interests of the employers. From the outset, the progressives impressed upon the strikers the dangers of permitting the government to direct the terms of the strike settlement, or to allow persons other than those from their own immediate ranks to have final authority in negotiations.

The first move of the company had been to proffer counter-proposals to those contained in the union contract. These proposals were in effect the acceptance of company-unionism and "proportional representation," plus "conditional" promises of slight wage increases, all hidden behind neat sounding phrases. A. F. of L. organizer Dillon did not arrive in Toledo until four days after the strike was under way. For the time being he appeared to go along with the sentiment of the strikers, perhaps in order to gain their confidence by a display of militancy and to seize in his own hands the leadership of the strike. At a mass meeting of the strikers, held on the day of his arrival, he urged them to vote down the company's offer. This they did unanimously.

Once Dillon arrived on the scene, the conflict of forces within the union ranks, between the reactionaries and progressives, became sharper. The company refused to deal further with the strikers' representatives or to negotiate until the men returned to work. This left the situation in Toledo at a complete stand-still. It was obvious that the strategy of General Motors was to keep the strike isolated, undermine the morale of the strikers through propaganda and the threat of permanently closing the plant and starting operations elsewhere, demoralize them through inaction and subversive methods and, if possible, starve them out.

SPREAD THE STRIKE

The next move of the progressives was to spread the strike. On the day of Dillon's arrival in Toledo, a group of Chevrolet strikers had gone to Detroit. Copies of "Strike Truth" were circulated at the Chevrolet plant there, and the office building of General Motors was picketed until the group was arrested by Detroit police. Although the closure of the Toledo plant threatened shortly to stop all production, because of shortage of transmissions, every effort was being

made by General Motors and the press to keep news of the strike from reaching outside of Toledo. Dillon had concealed and ignored for some time the vote of numerous auto Union locals throughout the country in favor of strike action. The nation's auto workers, speeded up and exploited, wanted action. Telegrams had been sent by the strike committee to numerous other locals telling of the strike and urging them to take similar action.

The strike committee and the Toledo union progressives went to Norwood, Ohio. They succeeded in persuading the workers in two General Motors plants there to strike, without benefit of Dillon. At the same time, plants in Cleveland and Atlanta, Ga. were shut down by company officials just before strike action was taken. Other strikes threatened, involving important key plants. Each day reports of plant closures due to lack of parts were received. The next move of the progressives was to Flint.

Elements within the local union were opposing the progressives and attempting to undermine the influence of the strike committee. They withheld funds from the strike committee and prevented the further publication of the strike bulletin. In the mass meetings and on the picket lines they attempted to edge the strike committee out of the leadership. A red scare was started.

During the second week of the strike, the company started to open its attack. It began the swift setting-up of a transmission plant in Muncie, Ind., to replace the one in Toledo, which the newspapers played up to frighten the Toledo workers back to work. A strike-breaking agency, hiding behind the spurious name of "Independent Workers Association," was organized by the company officials and foremen. Government conciliators, including the Department of Labor's McGrady, were sent to Toledo.

The "Independent Workers Association" claimed to have sent a request to the G.M.C. officials, together with a petition containing the signatures of a majority of the Chevrolet employes, asking for a vote on the company's proposals under the supervision of the Department of Labor. Dillon urged such a vote in hopes that the strikers would accept the company proposal.

The following night Dillon went back to the Buick local in Flint. This local had previously voted to go on strike the next morning at a meeting held several days before when a delegation of Toledo union

militants had visited the Flint local. Dillon got the Flint workers to postpone strike action until after the vote should have been taken in Toledo under the Department of Labor auspices. A huge mass meeting of Toledo labor was held. Another issue of "Strike Truth" was published. When the vote was taken three days later, the union defeated the proposal hands down.

Thereupon Dillon came to an agreement with G.M.C. representatives, through the agency of McGrady: that they were to meet with the representatives of the strikers for further negotiations. Dillon used these negotiations to restrain again the Flint Buick local from striking until after the negotiations. During the negotiations all but one member of the strike committee refused to accept the company's second proposal, which included only some minor concessions and no guarantee of union recognition or seniority rights.

The progressives began to organize the strike militants in preparation for the meeting on May 13, when the question of the company's second proposal was to be presented. Dillon, breaking an agreement made with the strike committee, issued a widely featured statement to the press telling the strikers to accept the company's proposals and by indirection denouncing the loyal members of the strike committee as "red." The newspapers put on an extra heavy barrage urging the strikers to follow Dillon's advice.

So strong had the sentiment become against Dillon, that at the May 13 meeting the strikers first voted to refuse the floor for discussion on the company's proposal to anyone but the strikers and members of the strike committee. Dillon stormed from the hall, loudly declaring that he would withdraw the union charter. The executive members of the union local, fearful that Dillon had power to carry out his threat, and still largely under conservative influences, induced the committeemen, from the standpoint of "union loyalty," "fair play," "free speech," etc., to secure a vote permitting Dillon to speak. Dillon spoke, using every device of cajolery and alarm to induce the strikers to accept the company's terms. Moreover, the local business agent, whom the strikers considered one of their own and in whom a great number still had confidence because of his public appearance of militancy, spoke in favor of acceptance while the voting was going on. As a result, a great number of the strikers became discouraged and confused and voted for acceptance. The strikers returned to work the next day.

The Toledo Chevrolet strike was one of the most remarkable labor battles ever fought in this country. 1,300 raw recruits to unionism, from a group of production workers formerly considered among the most docile in industry, for three weeks fought to a stand-still one of the most powerful corporations in the world. In the union only one week, they over-rode the timidity and hostility of their own national leaders in calling the strike, and conducted themselves with militancy, discipline and precision. On their own initiative, in the face of the outright opposition of their own higher officials, they spread the strike to tens of thousands of other auto workers in distant cities and effectively paralyzed the whole of G.M.C.

AN INTERNATIONAL UNION CONVENTION

During the General Motors strike, militants from various Federal automobile unions had met a number of times. One of their demands was that the A. F. of L. put into effect the decision of the San Francisco convention of 1934 in favor (with some qualifications) of industrial unions for the production workers in the auto and some other industries. A convention was called by Green and Dillon in Detroit in the latter part of August, 1935. The majority of the delegates, including those from Toledo, were conservatives. In spite of this, Green's proposal that Dillon should be the head of the United Automobile Workers Union for the first year was decisively defeated. Green thereupon announced that Dillon would be the president anyhow. The delegates reluctantly accepted the situation pending an appeal to the A. F. of L. convention in October.

This A. F. of L. convention in Atlantic City witnessed the open and dramatic conflict between the craft unionists led by William Green, Matthew Woll, et al., and the industrial unionists led by such well-known labor figures as John L. Lewis, Sidney Hillman, David Dubinsky, Charles Howard and Francis Gorman, leaders respectively of the Miners, Amalgamated Clothing, Ladies' Garment, Typographical, and Textile Unions. The workers in the automobile unions, in basic industries, left that convention with new hope stirring in their breasts. At last, powerful and experienced union leaders at the head of powerful organizations promised to disregard and, if necessary, defy outworn craft unionists and to give substantial aid in the build-

ing of industrial unions in the basic industries. When these leaders paid no attention to the anathemas hurled at them by the craft unionists still in the majority on the A.F.L. Executive Council, but established the Committee for Industrial Organization as an agency for promoting industrial unionism, the dawn seemed near.

MARKING TIME

In the fall of 1935, as the new manufacturing season got under way, the situation seemed favorable for bringing the battle for unionization to a head. The condition of the industry, the developments among the independent unions in the industry and the strikes that had already broken out or were about to explode, all pointed in this direction. It was hard to see how a gigantic conflict could be avoided. The automobile magnates' nervousness was reflected in all the newspapers in the automobile centers of Michigan, Ohio, and the adjoining states.

A strike of nearly 4,000 workers in the Motor Products Company in Detroit was holding firm. It was a preliminary skirmish in which the forces that might presently be cooperating or fighting on a grand scale were feeling each other out. The strike was called by the Automotive Industrial Workers Association (the "Coughlin union") mainly composed of production workers, but the Mechanics Educational Society of America (still composed mainly of tool and die makers), which also had members working in the plant, immediately called out its men and gave the strike complete support. The strike also had the support of the Associated Automobile Workers of America (known as the "Greer union," after its leader). The executives of these three independent unions in the auto field had voted for amalgamation into an industrial union with a preamble recognizing the existence of class struggle. The referendum vote of the membership on the proposal was expected to be almost unanimously favorable.

The Automobile Industrial Workers Association was a union independent of the A. F. of L., its membership confined almost exclusively to Detroit. It was an expression of that tendency among automobile workers which is reaching toward a unionism based on a conservative social philosophy, yet with more vigorous and efficient leadership than the old-line A. F. of L. unionism gave.

The Associated Automobile Workers of America was likewise in-

dependent of the A. F. of L. and its membership was mainly confined to the Hudson plant in Detroit. It grew out of an A. F. of L. Federal union in this plant when the workers became disgusted with the tactics and policies of the Collins—Dillon leadership which we have already described.

The Motor Products strike was thus the first test of a tentative amalgamation of auto unions. If it succeeded, as seemed fairly certain, the new union would become a very potent rallying center.

The reactionary wing of the A. F. of L. headed by Dillon, continued its conservative policy and was discredited in the eyes of the Detroit workers. Dillon stated publicly that he would confer with the management and "take the Motor Products' workers back to their job at once."

The strikers met the Dillon blast with two masterful strokes. First they challenged Dillon to support an election under Federal auspices to determine which union represented the majority of the men. Dillon dared not run this chance. The management also opposed it as long as possible because to allow an election meant recognition of the National Labor Relations Board and possible recognition of the independent union!

In the next place, the strike leaders invited Dillon's union to join the strike committee, help them to win the battle, telling him that they were willing in such case to have him take all the credit for the victory. Dillon would not cooperate with the "outlaws," but the chance that he would be able to do any damage to the strike became practically nil.

From both sides leaders of the M.E.S.A. and A.I.W.A. and the John L. Lewis Committee for Industrial Organization were making exploratory moves to determine whether cooperation was possible. The workers did not have the confidence that any combination of independents could achieve the huge task of organizing the auto industry especially as long as an unsympathetic reactionary A. F. of L. union remained in the field to keep the men divided and to receive the bosses' support as soon as the independents really threatened the latter. The independents needed the support of the John L. Lewis' "progressives" to remove the Dillon leadership from inside the A. F. of L. Then the basis would be laid for a genuine industrial union within the A. F. of L. which could include the independents. The more farsighted leaders among the independents had just such a perspective.

Thus the prospects for a sound foundation for building a union were better than ever. The workers were astir, furthermore, and here and there strikes were breaking out earlier than in other seasons, making it more likely that enough impetus for an extensive struggle would be attained before the season passed its peak. The condition of the industry itself was also favorable for an organization campaign and strike action.

Production was running high. Detroit turned out 93,177 cars in the middle week of November, 1935, compared with 16,810 in the corresponding week the previous year. On the other hand, competition for business was fierce. The companies were thus caught in a difficult position. If, for instance, a plant producing even a minor part of a car is shut down, the production line in one of the big companies may be slowed down in a few days, and this means losing orders. The same drive of competition was leading companies to seek means of cutting down costs through speed-up and wage cuts, which means that in the face of rising prices grievances accumulate among the workers.

It may be added that a presidential election year was approaching when an administration seeking to play a liberal role would be anxious to avoid "social disturbances" and also to avoid giving offense to large numbers of voters by an openly hostile attitude toward efforts at organization or even toward strikers.

The hopes entertained by the automobile workers at the beginning of the 1935-1936 season were not fulfilled. The Motor Products Corporation strike in Detroit was broken. At the outset, as we have noted, Dillon slowed up the strike by attempting to play a direct and open strike-breaking role. Just when it seemed that the unity of the independent unions was overcoming this obstacle, disunity appeared in the ranks of the latter. Successful union amalgamations are not launched on the ebb tide of a lost strike, and so this development was left stranded for the time being.

The hope of some that the C.I.O. would initiate or at least vigorously support a large-scale campaign in automobiles was likewise not immediately realized. The C.I.O. was in its infancy and necessarily had to feel its way with some caution. The struggle of the C.I.O. unions with the craft union forces in the A. F. of L. diverted energies from organizing work. An energetic campaign had been launched in

the steel industry. The automobile workers were by no means the only ones in need of attention and help from the industrial union forces.

THE PRESENT OUTLOOK

While the results of the 1935-36 organization drive were not as great as some had hoped and as might have been achieved under other circumstances, subsequent developments make it clear that this drive had not lost its momentum. The United Auto Workers Union at its annual convention in the Spring of 1936 decisively eliminated the Dillon leadership. President Green was in no position, as he had been the previous year, to impose Dillon's presidency against the wishes of the delegates. The delegates elected the union's officers with Homer Martin as president for the ensuing year and with encouragement from the C.I.O. made plans for a vigorous organizing campaign. The favorable development within the A. F. of L. union in turn stimulated the movement for absorption of the independent unions into the A. F. of L. There are now no independent unions of any importance. The M.E.S.A. appears to be awaiting the outcome of the struggle over craft versus industrial unionism between the A. F. of L. and C.I.O. before abandoning its independent status.

As the new season (1936-37) gets under way, most of the factors in the situation are favorable to the workers and the indications are that substantial progress toward unionization will be made. The production rates are running high and employers cannot afford stoppages. There are some indications of a forthcoming shortage of skilled workers. The re-election of Roosevelt has heightened the militancy and the hopes of the workers. The C.I.O. has for some months had trained organizers assisting the U.A.W.U. in a skillful campaign of propaganda in the automobile centers, including Detroit, the capital of the industry. Workers' victories resulted from the season's initial skirmishes in November—the Bendix sit-down strike in South Bend and the Midland strike in Detroit which cut off the supply of Chrysler frames. Fear of unionization led to much publicized wage increases in November, 1936, in this industry, as well as in others.

All those who are in any way concerned about the unionization of this great industry must hope that—without any compromise in the essentials of industrial unionism—the controversy within the ranks

of organized labor may speedily come to an end and complete unity may prevail. Undoubtedly it will require the united action of the entire organized labor movement working according to plan to achieve full union recognition from the auto industry and the Morgan, Du Pont, and other interests with which it is allied.*

We have presented a picture of the underlying financial set-up of a great American industry, whose need for markets gives it an important role in our imperialist structure and in our war-machine. We have told in outline the story of four years of struggle by the workers in this industry to establish the right to organize and bargain collectively, and have drawn some of the lessons of that struggle. The plainest and simplest is that it is up to the automobile workers themselves. Their intelligence, courage and solidarity must answer the question which modern industry puts to them. We stop—in the middle of the sentence as it were. The struggle will inevitably go on. The automobile workers will write other significant, dramatic, fateful chapters in the history of the American working class.

*A study of the industrial-union movement will appear shortly in this series.

BOOK REVIEW

A Place in the Sun. By Grover Clark. *Macmillan,* 1936.

For a long time students of history, politics and economics have been making contradictory generalizations about the value of colonies to their owners. But what we needed was a statistical examination of the problem. Hitherto, no one has had the courage to try to gather the statistics in order to see what they prove. Now comes Grover Clark with a careful compilation and analysis of the available figures. The task of assembling them was in itself a major feat of scholarship, for which he deserves our gratitude.

On the whole his conclusions are acceptable. Mr. Clark makes it abundantly clear that the great European colonial powers have not found in their overseas possessions those outlets for surplus population so frequently promised by the imperialists of all nationalities. This is particularly true of the pre-war German colonies and of Italy's African empire. Nor has capital investment followed the flag. It has followed the line of least resistance to easy profits—and that is seldom towards backward regions. For the same reason these areas do not offer very attractive markets for the sale of the home country's surplus manufactured goods. Even in the matter of raw materials, the colonies have been very disappointing in most cases.

Most of these things Mr. Clark establishes fairly satisfactorily. This does not, of course, mean that those nations that have colonies are going to give them up or that those which are without them will cease trying to obtain some. Colonies may not be a net economic gain to the imperial nation as a whole, but they have at times paid very richly to certain individuals or social groups in a nation. It would, for instance, be hard to prove that imperialism had not paid Cecil Rhodes. In any event, colonies exist primarily for the power they confer on the governing classes in the possessing states—not only economic but political power. This is a phase of the colonial question Mr. Clark could afford to explore more thoroughly.

Robert Gale Woolbert